

Cited as "1 ERA Para. 70,706"

The Brooklyn Union Gas Company (ERA Docket No. 87-12-NG), June 11, 1987.

DOE/ERA Opinion and Order No. 177

Order Granting Blanket Authorization to Import Natural Gas

## I. Background

On March 5, 1987, The Brooklyn Union Gas Company (Brooklyn Union) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), for blanket authorization to import up to 50 Bcf of natural gas during a two-year period, beginning 60 days after ERA receipt of the application, or upon ERA approval of the application, whichever is later. Brooklyn Union proposes to import natural gas from Canada, and from other foreign locations if available on competitive terms, primarily for its own system supply and for sales at retail. The imported gas would be purchased at rates competitive with comparable domestic gas supplies available to Brooklyn Union, and existing pipeline facilities would be used for the transportation of the natural gas. The applicant states that it will submit to the ERA quarterly reports giving details of individual transactions within thirty days following the end of each calendar quarter.

In support of its application, Brooklyn Union, a local distribution company providing gas service in New York City, New York, asserts that the blanket import authorization is in the public interest because it would make competitively priced imported gas available to its customers.

The ERA issued a notice of this application on March 24, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 30, 1987.<sup>1</sup> Motions to intervene without comments or requests for additional procedures were filed by Texas Eastern Transmission Corporation, Pacific Gas Transmission Company, and Tennessee Gas Pipeline Company. This order grants intervention to these movants.

## II. Decision

The application filed by Brooklyn Union has been evaluated to determine if the proposed import arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an import is to be authorized unless there is a finding that it "will not be consistent with the public interest."

2/ The Administrator is guided by the DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Brooklyn Union's proposed arrangement for importing gas, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought would provide Brooklyn Union with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action, and, thus, is similar to other blanket authorizations approved by the ERA.<sup>4/</sup> The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Brooklyn Union's application, provides assurance that the transactions will be competitive. Under the proposed import, Brooklyn Union will only purchase gas to the extent it needs such volumes and the price is competitive. Thus, this arrangement will enhance competition in the marketplace. Further, no party objected to the proposed import.

After taking into consideration all the information in the record of this proceeding, I find that granting Brooklyn Union blanket authority to import up to 50 Bcf of natural gas during a term of two years is not inconsistent with the public interest.<sup>5/</sup>

#### ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. The Brooklyn Union Gas Company (Brooklyn Union) is authorized to import up to 50 Bcf of natural gas during a two-year period, beginning on the date of first delivery.

B. This natural gas may be imported at any point on the international border where existing pipeline facilities are located.

C. Brooklyn Union shall notify the ERA in writing of the date of first delivery of natural gas authorized in Ordering Paragraph A above within two weeks after deliveries begin.

D. With respect to the imports authorized by this Order, Brooklyn Union shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported gas have been made, and

if so, giving, by month, the total volume of the imports in MMcf and the average purchase and sales price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the sellers and purchasers, estimated or actual duration of the agreements, transporters, points of entry, markets served, and, if applicable, any demand/commodity charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

E. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, provided that participation of the intervenors shall be limited to matters specifically set forth in their motions to intervene and not herein specifically denied, and that admission of such intervenors shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on June 11, 1987.

--Footnotes--

1/ 52 FR 10259, March 31, 1987.

2/ 15 U.S.C. Sec. 717b.

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., CanadianOxy Marketing, Inc., 1 ERA Para. 70,683 (December 29, 1986); Paramount Resources U.S. Inc., 1 ERA Para. 70,685 (December 29, 1986); Forest Marketing Corporation, 1 ERA Para. 70,686 (January 30, 1987); Fiscus Inc., Para. 70,690 (March 13, 1987); and Bonus Energy Inc., 1 ERA Para. 70,691 (March 24, 1978).

5/ Because the proposed importation of gas will use existing pipeline facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.